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SIPDIS

LABOR COLLECTIVE

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STATE PASS TO USTR

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SUBJECT: BEPZA AND RING SHINE FACTORY MANAGER COMPLAIN OF
LABOR UNREST

11. (SBU) Summary: BEPZA Executive Chairman Hossain and factory representatives from Bangladesh's two largest export processing zones met with CDA to take issue with the recently filed AFL-CIO GSP petition. They alleged that nascent labor unrest in the EPZs was the result of "outside influences," claiming a consistent pattern of escalation in several recent incidents. End summary.

12. (SBU) On July 25, Charge d'Affaires met at the Embassy with Bangladesh Export Processing Zones Authority (BEPZA) Executive Chairman Mohammed Zakir Hossain; Youngone Group President Peter Bauer; and Youngone Advisor to the Chairman A.S.A Nur. Also present were Hsiao Hai He, Director of Ring Shine Textiles, M.D.J. Kim, A-One (BD) Ltd., and M. Nasir Uddin, Chairman of Pacific Jeans. Chief Economic Officer and Labor Officer (note taker) also attended this one hour and 15 minute meeting.

13. (SBU) Hossain began by describing BEPZA's implementation of the Export Processing Zone (EPZ) law, forged last year from extensive discussions among the BDG, BEPZA, and AFL-CIO through the locally-based American Center for Labor Solidarity (ACILS or Solidarity Center.) As of mid-July, 171 out of 183 EPZ factories had completed elections. He said the remaining 37 factories (out of 220 EPZ factories) were not required to hold elections at this time. He expressed satisfaction with the conduct of these elections, the first ever labor elections held in the EPZs, saying there were few allegations of irregularities.

14. (SBU) Hossain defended the pace of the election process, citing the time required to educate workers about both the election process and the function of the Workers' Recreation and Welfare Committees (WRWC) established under the law. He claimed that elections have been held in nearly 95% of the eligible factories within 12 months of the adoption of the EPZ Law on July 18, 2004. He argued that BEPZA and the factory owners were acting in good faith to implement the law's requirements in a timely manner.

15. (SBU) Hossain addressed recent strikes and work stoppages at several EPZ factories. He noted strikes in the EPZ are illegal, and attributed the unrest to "outside influences." He also claimed that some worker demands were not yet subject to negotiation, citing wage demands and demands related to hiring, firing and disciplining of administrative and supervisory personnel. He attributed these demands to misinformation from "outside influences," and noted efforts by BEPZA to continue worker education, including the recent hiring of 65 counselors, tasked with mediating between workers and management to resolve any problems.

16. (SBU) Youngone's Peter Bauer echoed Hossain's key points. Clearly angry, he pointed out that the EPZ law was negotiated with ACILS' input. For AFL-CIO to file a new petition so soon after the law took effect was "duplicitous" and an act of bad faith, he said. Bauer argued that "the law is being implemented" but it takes time, as "they (the laborers) don't really understand what it means to negotiate; we taught the (WRWC) at Youngone on what they need to do." He referred to as "devious" AFL-CIO's offer to train workers in factories, saying, "they never offered to train workers at Youngone."

17. (SBU) Bauer argued that a clear pattern was evident from recent incidents at seven EPZ factories, which pointed to an organized effort by "outside influences" to disrupt labor relations. In each case, Bauer claimed, WRWCs would make one or two small demands, often involving wages. Once management agreed to discuss or accept the demands, new demands were made, until an impasse was reached, usually over demands that supervisors or administrative personnel be disciplined or fired (issues, he claims, that are not subject to negotiation under this phase of the law.) At this point, an incident would occur, usually involving an assault by workers on a supervisor or damage to factory property, followed by work stoppages, strikes and lockouts. Bauer said he worried that this pattern would continue at other factories in the EPZ.

18. (SBU) Hossain, Bauer, and Hsiao Hai He, Director of Ring

Shine Textiles, addressed recent problems at Ring Shine. According to media reports, on July 20, up to 200 workers at Ring Shine were injured when police used batons to break up striking textile laborers. Workers reportedly demanded the removal of abusive supervisors and the withdrawal of management complaints against workers expressing their views. According to ACILS, workers had complained about an abusive foreign technical supervisor. The supervisor had threatened a laborer with a steam iron and the worker defended himself, with other workers coming to his aid. ACILS confirmed that workers assaulted the supervisor and coworkers, but said the assault was triggered by the supervisor's assault on the factory worker, resulting in severe burn injuries to the worker.

9. (SBU) Hsiao denied the alleged assault by the supervisor. Hossain claimed the injured employee could not be identified and that no one with injuries consistent with steam burns had sought medical treatment at the factory or elsewhere. Bauer said the incident was consistent with the pattern seen in other factories. Hsiao also described an escalating series of worker demands, nearly all of which he claimed to have resolved through negotiation, despite nearly two weeks of work stoppages and strikes. When he thought all issues were resolved and work would resume, new demands were made and workers remained on strike. At that point, he obtained BEPZA permission to shut down the factory (i.e., to impose a lockout). Hsiao confirmed complaints had been filed against some workers, but disputed the numbers reported in the media and said the complaints were limited to those involved in the assault on the supervisor.

10. (SBU) In response to a question about management attempts to work with laborers either at Ring Shine or other factories to better deal with labor demands, Hossain replied that the BEPZA counselors had intervened in regards to earlier reports of alleged abuse from this supervisor; however, Hossain admitted that the counselors made only a verbal report and there were no written guidelines for the counselors to follow. Bauer interjected that the first role of the counselors is as a teacher and guide, and not as a negotiator.

11. (SBU) When asked how much training workers received on the new WRWC and their potential role, Hossain and others admitted that BEPZA provided maybe one hour of training, mostly on election procedures but claimed they were adequately trained and educated in their roles. As for the WRWC at Ring Shine, Hsiao said, "I'm not speaking to them."

12. (SBU) Comment: BEPZA and the factory owners clearly believe that recent labor unrest is the direct result of improper intervention and agitation by the Solidarity Center in conjunction with the AFL-CIO. Solidarity Center, not present at this meeting, would have painted a different picture of labor activities in the EPZs under the new law. It is not clear who has the stronger case. Either way, industrial relations in Bangladesh are having growing pains and the dispute at this one factory shows the pitfalls in the transition to full worker rights to organize and bargain collectively in the EPZs. End comment.

CHAMMAS